Defense Acquisition University

Planning, Programming, Budgeting and Execution (PPBE)

Business, Cost Estimating, & Financial Management

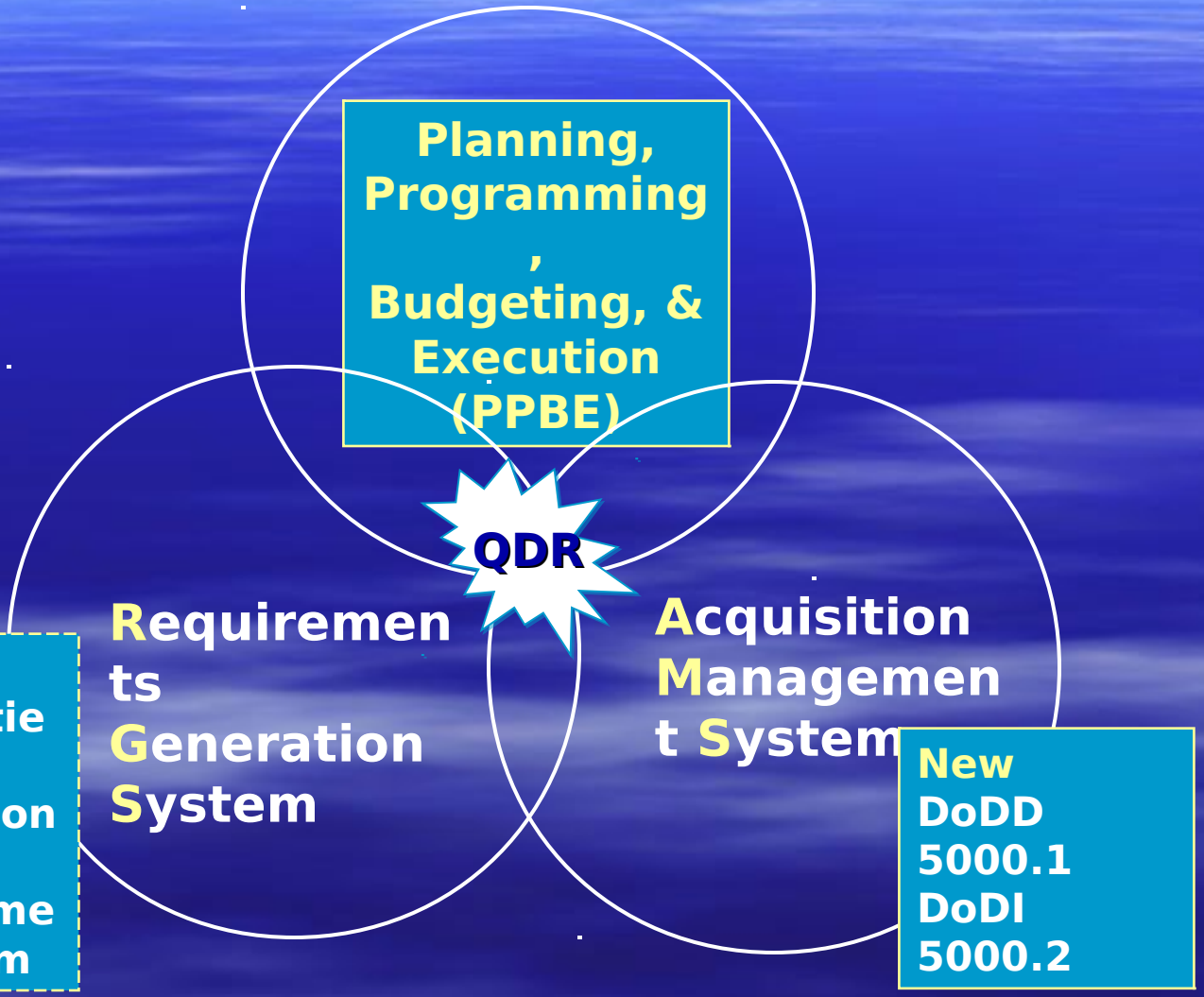
Capital and Northeast Campus

Defense Acquisition University

June 2003

(Revised Nov 2003)

Decision Support Systems



Resource Management System

- **PPBE is the primary resource management system for DoD:**
  - **Articulates strategy**
  - **Identifies size, structure and equipment for military forces**
  - **Sets programming priorities**
  - **Allocates resources**
  - **Evaluates actual output against planned performance and adjusts resources as appropriate**

PPBE Phases

- **Planning**
  - Assess capabilities / review threat
  - Develop guidance
- **Programming**
  - Turn guidance into achievable, affordable packages
  - Six-year program (Future Years Defense Program)
- **Budgeting**
  - Test for efficient funds execution
  - Scrub budget years
  - Prepare defensible budget
- **Execution Review** (concurrent with program/budget review)
  - Develop performance metrics
  - Assess actual output against planned performance
  - Adjust resources to achieve desired performance goals

Old Process: Annual, Consecutive-Phase PPBS

FY 02-07 POM and prior:

- **Defense Planning Guidance (DPG) (Apr)**
- **Programming (POM Development) (May – Sep)**
- **Budgeting (BES Development / Review) (Sep – Dec)**
- **Submission of President's Budget (Feb)**
- **Congressional Review of Budget Request (Feb – Aug)**
- **Congressional Authorization and Appropriation**
- **Execution of Budget Authority**
  - **Commit, obligate, expend, and outlay funds**

FY 2004-2009 Defense Planning Guidance

- "The Department's current planning, programming, budgeting and acquisition systems are rigid, unresponsive and ill-suited for a dynamic and uncertain security environment. DoD needs to streamline and integrate PPBS and the major acquisition and requirements processes with particular attention paid to those areas where technological change occurs most rapidly."
- Tasked the Senior Executive Council, under the leadership of the SECNAV, to provide a systematic approach for replacing these processes

Management Initiative Decision (MID) 913

Major Initiatives:

- **Quadrennial Defense Review (QDR) shifted from the first to the second year of a new administration**
- **Move to a two-year cycle**
- **Off-year Strategic Planning Guidance (SPG)/Joint Programming Guidance (JPG) is optional (at the discretion of SECDEF); will not introduce major changes in off-year**
- **Off-year review focus on execution and performance**
- **Create a single standardized programming and budgeting system for data collection and management**

MID 913

Changes to Program/Budget/Execution Review:

- Transition to a true biennial process
- Incorporate metrics and cost models
  - Focus on outputs: what are we getting for our money?
- Over time, metrics will become the analytical underpinning to ascertain whether the appropriate allocation of resources exists

DEPSECDEF Direction for FY 2005 - 2009 Submission

- **No DPG-05**
  - **Components comply with DPG-04 and PDM direction**
- **No FY05-09 Program Objective Memorandum (POM) or Budget Estimate Submission (BES) submittal to OSD**
- **Components instead submit Program Change Proposals (PCPs) or Budget Change Proposals (BCPs)**
  - **Both BCPs and PCPs will be cost neutral (offsets required)**
  - **PCPs resolved thru Program Decision Memorandums (PDMs)**
  - **BCPs resolved thru Program Budget Decisions (PBDs)**

Program Change Proposals (PCPs)

- **Identify areas to take additional risk (offsets)**
  - **Offsets may be used for other initiatives**
- **Limited to items that exceed $250 million across FYDP**
  - **Threshold at individual programmatic issue level**
  - **May address smaller issues if serious programmatic problem**
  - **If less than $250 million, may submit as BCP if budget year is affected**
- **Must comply with PDM decisions**
- **Combatant Commanders may submit up to six prioritized PCPs regardless of dollar value**
- **Full budgetary data submitted for accepted PCPs**

Budget Change Proposals (BCPs)

- **Generally limited to fact-of-life changes:**
  - **Cost increases**
  - **Schedule delays**
  - **Management reform savings**
  - **Workload changes**
  - **Budget execution experience**
  - **Congressional action**
- **May involve FYDP years if total cost is less than $250 million and budget year is affected**
- **Offsets required**
- **Backed up with appropriate budget exhibits**

Who Submits PCPs/BCPs

- Under Secretaries of Defense (USDs)
- ASD (Network and Information Integration)
- Director, Operational Test & Evaluation (DOT&E)
- Chairman, Joint Chiefs of Staff
- Secretaries of Military Departments
- Combatant Commanders (COCOMs)
  - Submit PCPs through J-8
  - Submit BCPs through Service Executive Agent
- Directors of Defense Agencies
  - Submit PCPs through OSD Principal Staff Assistant
  - Submit BCPs to OSD Comptroller

Four Years in the Biennial Cycle

Corresponding to Four-Year Presidential Terms

Year 1 (Review and Refinement):

- Early National Security Strategy (NSS)
- Off-year SPG/JPG as required (at discretion of SECDEF)
- Limited Changes to Baseline Program

Year 2 (Formalize the Agenda):

- Quadrennial Defense Review (QDR) – Aligned with PB submission in second year of an administration
- Fiscal Guidance Issued
- On-year SPG/JPG (implementing QDR)
- POM/BES Submissions

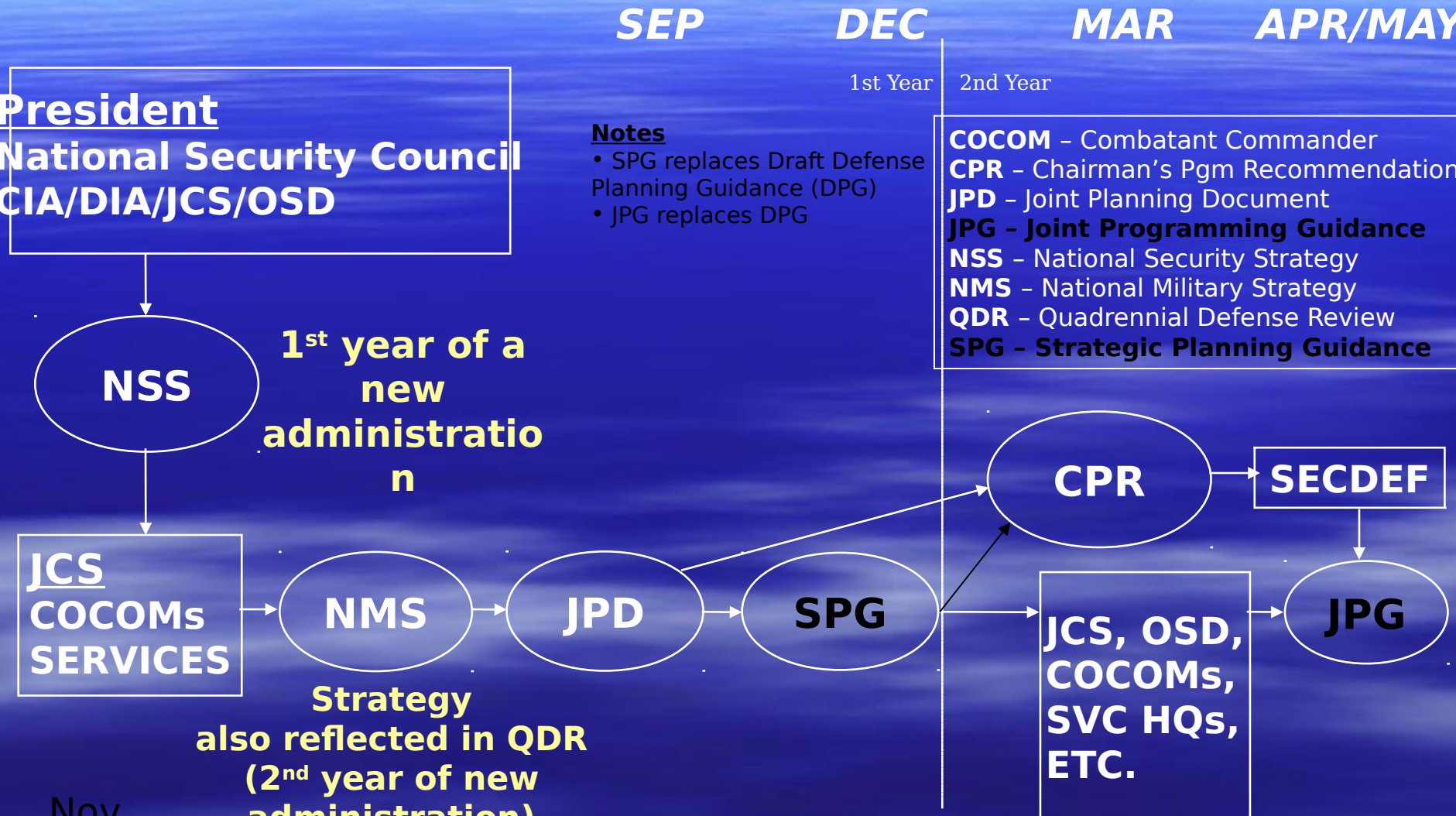
Year 3 (Execution of Guidance):

- Off-year SPG/JPG as required (at discretion of SECDEF)
- Limited Changes to Baseline Program

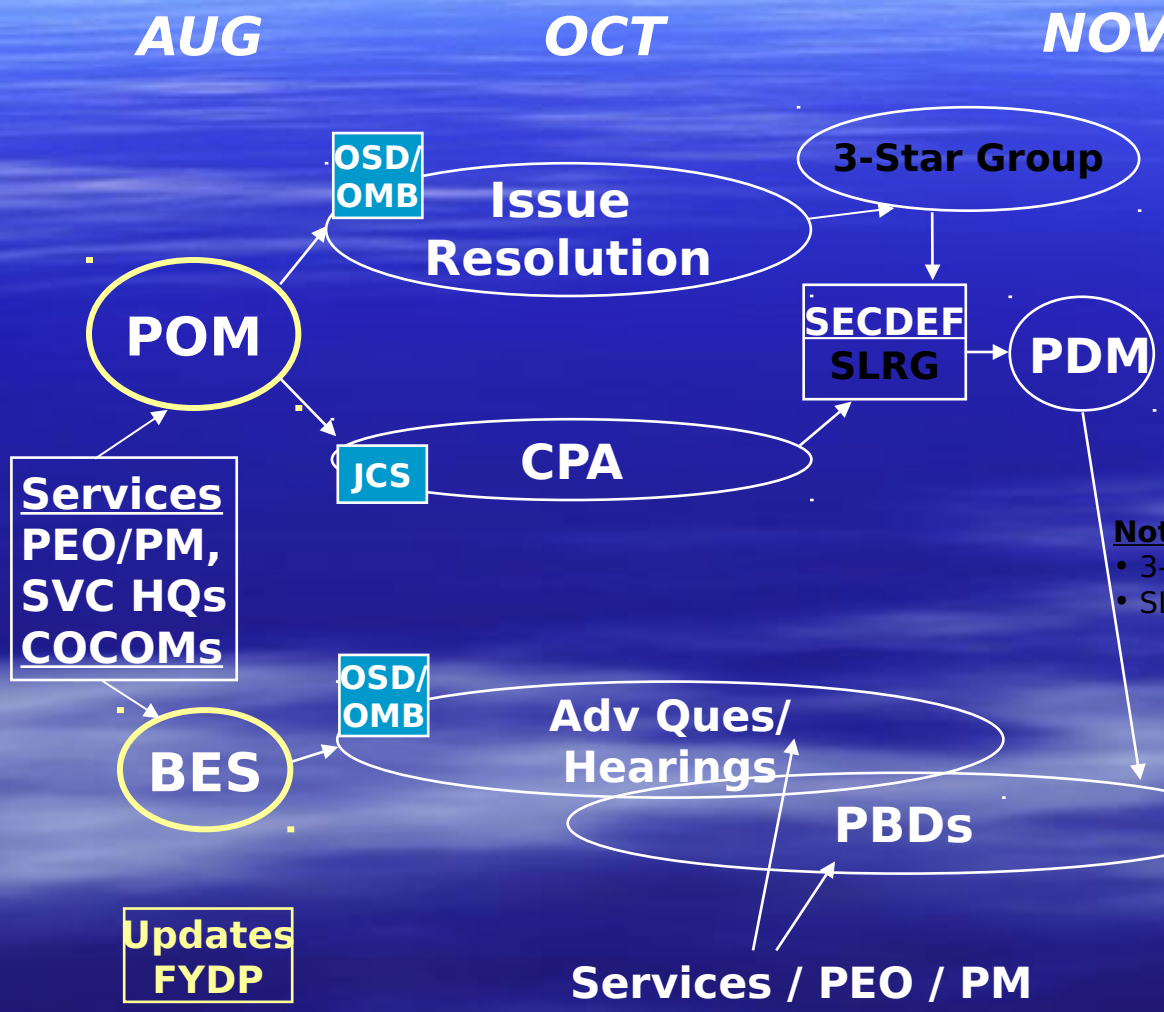
Year 4 (Ensuring the Legacy):

- Fiscal Guidance Issued
- On-year SPG/JPG (refining alignment of strategy and programs)
- POM/BES Submissions

Planning Phase



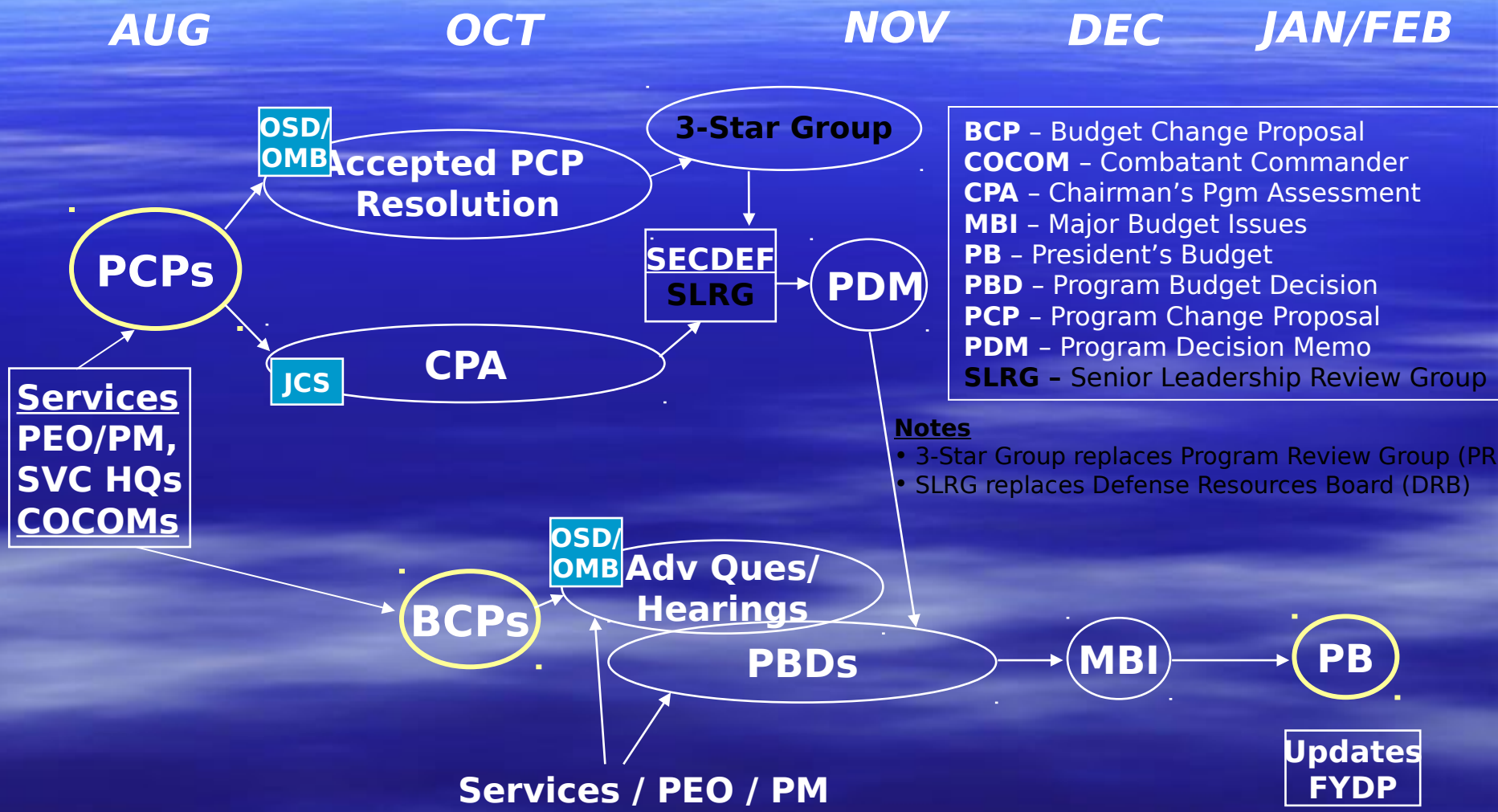
Concurrent Program/Budget Review



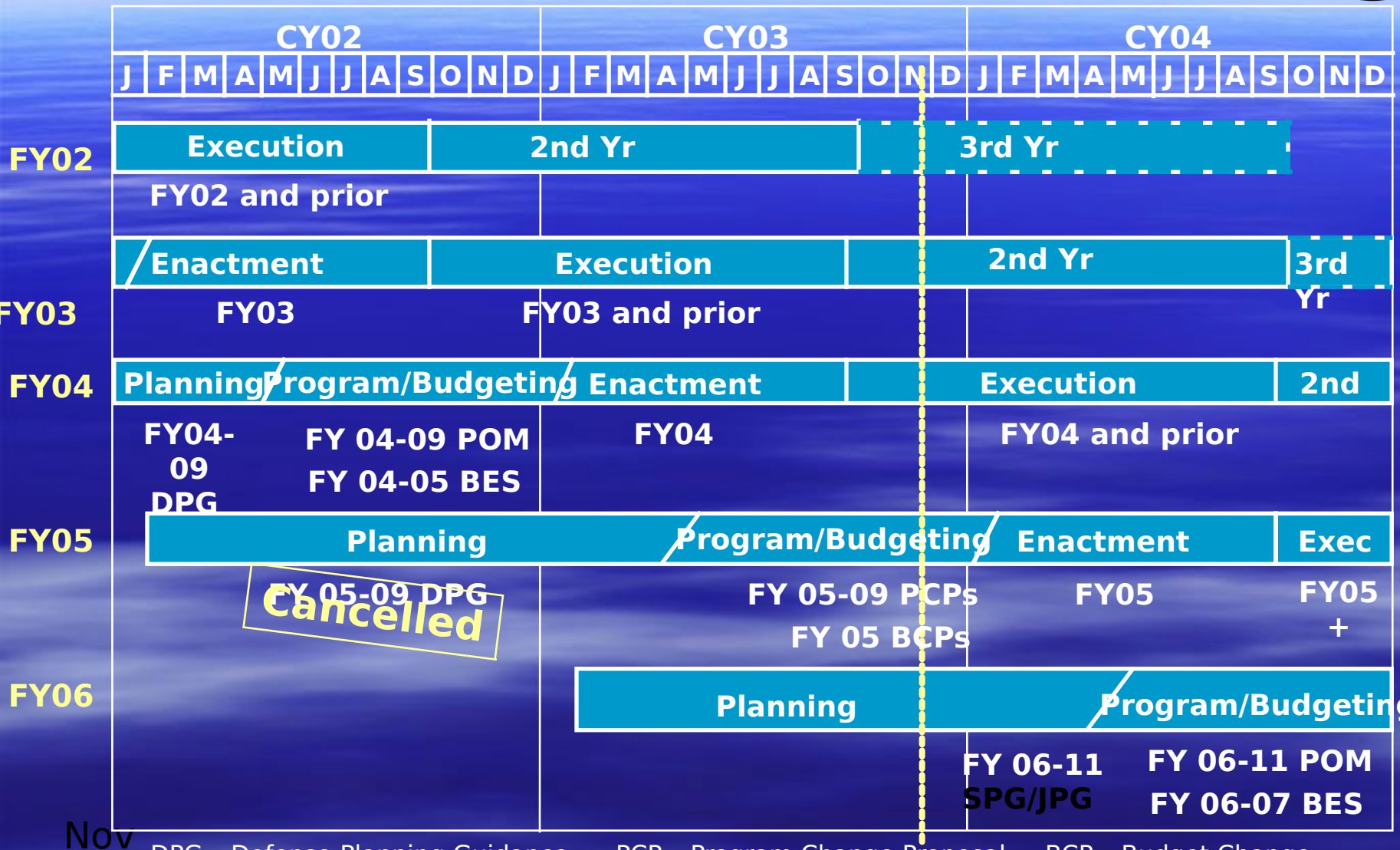
BES – Budget Estimate Submission
COCOM – Combatant Commander
CPA – Chairman's Pgm Assessment
MBI – Major Budget Issues
PB – President's Budget
PBD – Program Budget Decision
PDM – Program Decision Memo
POM – Program Objectives Memo
SLRG – Senior Leadership Review Group

Notes
- 3-Star Group replaces Program Review Group (PR
- SLRG replaces Defense Resources Board (DRB)

Off-Year Program/Budget Review



Resource Allocation Process



DPG – Defense Planning Guidance PCP – Program Change Proposal BCP – Budget Change Proposal

FY 2005 - 2009 Program/Budget Schedule

- **Aug 1** PCPs due to OSD (PA&E)
- **Aug 15** PCP Dispositions issued
- **Sep 1** Detailed info submitted for accepted PCPs
- **Oct 1** BCPs due to OSD (Comptroller)
- **Nov 1** PDM issued
- **Nov 21** 1st Round PBDs completed
- **Nov 24** Top line guidance from OMB
- **Dec 9-10** Major Budget Issues
- **Dec 12** Final FY 2005 Budget Decisions
- **Dec 19** FY 2005 President's Budget Lock
- **Jan/Feb** Lessons Learned

Additional Information

- **OSD PA&E website (Program Review)**
  http://www.ra.pae.osd.mil/pr/index.htm